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Ch 26 Outline

This chapter talks about renters insurance. Renters insurance protects renters from property and liability risks. A homeowner’s policy insurance will protect homeowners. Unlike renters, this policy includes the building structure also, instead of just the possessions inside. There are three risks covered which are hazards, criminal activity, and liability. It is recommended that you insure at least half of the value of the building. Claim adjusters inspect the property damaged and look into fraud. An endorsement is a written amendment to an insurance policy. Coverage added by these are called extended coverage. In a co-insurance clause a provision requiring policy holders to insure their building for a stated amount to receive full coverage.

Facts and Ideas

1. Renters policies cover whats inside. Homeowners also covers the house.
2. Hazards, Criminal Activity, and Liability
3. At least half of your possessions sould be covered
4. Jewels, pets, phones, aircrafts, motorized vehicle, etc.
5. Insurance Investigators determine the value of property destroyed. Insurance adjustors adjust the policies.
6. They have to insure a percentage of their home to be covered.
7. A personal property floater would be the best bet.
8. A dangerous place, condition, or object that is attractive to children, like a pool.
9. Model, style and age of car; Driver Classification; Location of driver and car; distances driven; purpose of driving; other drivers class
10. Infraction is very minor while misdemeanor is a more serious offense.
11. It protects you from being liable to other drivers
12. Collision protects you when you are at fault, Comprehensive protects smaller incidents, like scratches
13. It pays for your injuries when the one who was at fault cannot.
14. Drivers receive reimbursement.
15. People who are unable to obtain insurance, get high rates until they drive safe
16. Supplements your basic coverage

Apply your knowledge - #2

Over insuring your property is a very wasteful practice. While profitable to the insurance companies, it is practically throwing money down the drain. It is money you will never get back. It is hard to tell how much you must be insured for. When insured, you are protecting you personal property. When over insured, you are paying for more than you will be insured for. If something were to happen, you won’t get all of your money back. It is like buying something that is more expensive and of the same quality. Being over insured is just a uninformed and wasteful practice.

Underinsuring your property is even worse. If you are underinsured, then you are saving money now, but in the future, some of your items will not be covered. This could be dangerous because you may not be able to afford to re-buy the items you lost and they may be necessities. You can tell how much you need to be insured by looking at how much it would cost to buy the items again. If you lost an iPod that originally costs $100, but now costs $200, you may want to get insured to buy a new one for $200. It is hard to tell though and it is very likely that you will under or over insure a little bit anyway. It is better to be on the safe side and overinsure rather that underinsure.